

The Impacts of Russia-Ukraine War on the World Economy and Sustainable Development

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ABSTRACT

This paper is a part of the research on “Impacts of the Russia-Ukraine War on the Economic and Social New World Order”. The study is a qualitative research by applying a documentary research method. All information and documentary data were collected from academic books, papers, research reports, and reports international organizations, as well as online media data and information that were studied by content analysis and logical analysis. The results of this research found that the Russia-Ukraine war began in 24 February 2022 and escalated following a full-scale Russian invasion up until now. As a result, most countries, business sectors, and consumers worldwide are in economic and social impacts in 3 scenarios of the new world order: (1) impacts of the Russia-Ukraine war to the world economy; (2) impacts of the Russia-Ukraine war to regional economy; and (3) impacts of the Russia-Ukraine war to the sustainable development. The researcher recommends that all members’ states of the United Nations and other international organizations shall effectively find out for peace negotiation to end the Russia-Ukraine war and fully cooperate to solve the problems of economic and social impacts on the world economy and sustainable development in order to achieve the UN-SDGs within the year 2030.

Keywords: Impacts, Russia-Ukraine War, World Economy, Sustainable Development

“Before the barbarism of killing children and innocent and defenceless citizens, no strategic reasons hold: the only thing to be done is to cease the unacceptable armed aggression before cities are reduced to cemeteries.”

Pope Francis, 2022

**War is organized crimes, nothing else, never wins.
Peace is only humanity wins.**

INTRODUCTION

The beginning of 2014 crisis in Ukraine led to the overthrow of President Viktor Yanukovich who was an ally to Russia’s interest. The signing of a trade agreement with the EU as the first path towards membership by the pro-western interim government in February; and Russia’s capturing of Crimea in April of the same year. Between 2014 and 2015 the Minsk Accord of cease-fire was signed by Russia, Ukraine, France, and Germany. By April 2019, Volodymyr Zelensky, former comedian, was voted as President of Ukraine (Bigg, 2022). In January of

2021, President Zelensky requested to join NATO resulting in Russia massing of troops at Ukraine's border with the excuse of training exercise. The growing tension between the Western countries, Russia and Ukraine leading to Russia's "special military operations" of Ukraine on 24 February 2022. In response to this recent Russian attack, Ukraine's Western allies announced heavy financial sanctions on Russia like "restrictions on Russia's central bank and expelling key banks off the main global payments system" (Aloisi & Daniel, 2022). The global financial sanctions unleashed on Russia, the seizure of assets and properties of the oligarch friends to President Putin for Russia's current attack on Ukraine will cripple the Russian economy and hinder any further Russian attack on Ukraine (Mbah & Wasum, 2022). The impacts of this war have extends to the existing global economic and social order.

The launch of Russia's war of invasion in Ukraine on 24 February 2022, has upended the existing world order after the end of cold war in 1989. The war in Ukraine is part of the struggle for a new world order. Russia and China are openly challenging the Pax Americana. But the question how the next world order will look like remains open for world great powers to design. The model of a multipolar concert of the great powers by new balance of powers between the United States, China and Russia, with exclusive zones of influence, is finding support by NATO, European Union, India, Japan, South Korea, Australia and New Zealand. Despite a growing unwillingness to play the role of 'the *world's policeman*', the majority of Americans have not yet abandoned the unipolar liberal world order under the US hegemony. In contrast, China is still support for the Westphalia model of world order with its emphasis on nation state sovereignty and its condemnation of post-colonial interference in internal affairs of sovereign States (Saxer, 2022). These changing balance of powers envision are different rules-based new world order. Who is authorized to use force - all states in the UN General Assembly, only the strongest five powers in the Security Council, or only the hegemonic powers outside the United Nations System? Does the law of the strongest apply, or the strength of the rule of law by international law? Is there a historical ideal e.g. liberal democracy and market economy towards which all states should develop, or is there multiple modernity with competing political systems and cultural civilizations that can coexist more or less peacefully? Will there be a global showdown between an alliance of democracies and the 'axis of autocrats'? Or is the price of peace giving up on implementing universal human rights? Which of these models will prevail - or from what precise mixture of old and new elements the new world order will emerge - will determine not only war and peace, but also what the global energy, production, distribution, and future financial systems will look like.

The Russian illegal war in Ukraine has accelerated a shift in the existing world order forcing a renewed balance of power among great powers. Countries and analysts are calculating the implications of rebalancing and positioning for significant changes. Ukraine is ravaged; Russia is the aggressor and will suffer long-term consequences. The US led North Atlantic Treaty Organization (NATO) has strengthened and is forcing the rebalance. The EU is undergoing a human security crises and remilitarization. China has made a strategic choice to be closed alliance with Russia. India like many developing countries of the global South faces geostrategic pressure as they calibrate their positions. So what are these shifts, the implications, and consequences? The Russian motives in launching this war on Ukraine include a mix of: aspirations for projecting Russian imperial power status and vision; extending influence and support to Russian ethnic and other dissatisfied minorities in the former Soviet Republics; recreating a Russian sphere of influence to counterbalance the Western one in Eurasia; opposition to NATO expansion, especially the inclusion of Ukraine; attempt to destroy the Ukrainian military infrastructure to enforce neutrality before NATO

could undermine Russia and the creation of an Eastern Ukraine buffer for Russian security in the Donbas region with the Russian ethnic majority provinces that had declared themselves independent of Donetsk, Luhansk, Crimea, all which give Russia strategic control over the Black Sea (Chenoy, 2022). Geopolitical and geoeconomic consequences in the aftermath of Russian aggression against Ukraine have underscored that there is no alternative to common and collaborative security which is inclusive. The double standards in implementing human rights and illegal selective wars of aggression on smaller sovereign states by great powers have led to a de-legitimization of multilateral institutions and a world that is insecure for all.

LITERATURE REVIEW

The Russia-Ukraine war in 2022 has the intense economic impact on Russia due to the fierce financial sanctions unleashed on it “are not only inflicting an economic catastrophe on President Vladimir Putin’s Russia. The repercussions are also menacing the global economy, shaking financial markets and making life more perilous for everyone” (Wiseman, 2022). Russia and Ukraine are significant players in the export of oil, natural gas, coal, wheat, and other commodities in the global market. Mark Zandi, chief economist at Moody’s Analytics reports that both countries produce 70% of global neon which is a vital commodity in the production of semiconductors leading to panic with the current crisis as nations and automakers especially are already witnessing a scarcity in computer chips. Zandi equally observes that both countries are responsible for 13% of the global supply of titanium which is used in the manufacturing of passenger jets as well as 30% of global palladium used in cars, mobile phones, and dental fillings (Wiseman, 2022). The Russia-Ukraine war has therefore spread impacts on global supply chain of food, energy and raw materials around the world.

Move forward with US-EU sanctions against Russia

When Russia sends troops to invade Ukraine on 24 February 2022, the United States and the European Union impose sanctions on high-ranking officials, some banks and state-owned enterprises and freeze foreign assets of Russia, including prohibiting the export of technology products such as aircraft parts and semiconductors. However, the sanctions have little effect on the current Russian economy. Before such effects will bloom, it may have to wait several years. Knowing that it was at risk of sanctions from the western world powers, Russia went on to build a ‘fortress’ against trade sanctions, increasing international cash reserves of enormous value reducing international transactions, using US dollars reduce dependence on credit and raise funds from the western world, as well as increasing the production potential of oil and natural gas so that the world cannot live without Russia. The current sanctions, coupled with differing political ideologies, would prompt the European Union, the United States and its NATO allies to withdraw from their trade ties with Russia. Meanwhile, Russia tends to trade with countries that are ready to welcome China. At last this situation was ultimately led to the dichotomy of different countries around the world in the future.

Over the past decade, world tensions have occurred several times in the trade war between China and the United States, great power conflicts in the Middle East, the rise to power of the populist leaders in Latin America or repeated coups d’états and human rights violations in Southeast Asia. But the overall global economy is not affected much because investors believe that the gloomy political climate will not spread into a world crisis. However, the use of Russian military forces to invade Ukraine’s sovereignty and territorial integrity is different this time. In the eyes of the western world and the international community, attempting to

take territory by using force to kill fellow humans is unacceptable. Whatever the reason, the aftermath of the Russia-Ukraine war is possibly to sever trade relations between Russia and the western countries, leading to a new world economic order that is never the same. Many people have never heard of Russia's role in international trade. But Russia is a major exporter of wheat and other commodities, becoming the world's second largest oil exporter, the world's number one natural gas. Its key trading partner is the European Union, who relies on Russia for energy security. Moreover, a rare mineral worth more than gold like palladium, more than half of the world is mined in Russia. Minerals such as nickel, aluminum and copper are not counted, which Russia is the world's largest market leader (Wiseman, 2022).

When Russia sends troops to invade Ukraine, leaders and people in Ukraine have also called on the world powers to take drastic measures to cut Russia off the global trade landscape, such as ending trade with Russia, prohibition of Russian banks from conducting financial transactions through the SWIFT network, or ban on Russian ships passing through the Bosphorus and Dardanelles in Turkey. However, the claim of sanction was only partially responded, although the initial stance of the United States and the European Union was quite harsh. The latest move by the United States and the European Union is sanctions on Russian senior officials, some Russia's banks and state-owned enterprises, freeze Russian foreign assets, including prohibiting the export of technology products such as computer parts, aircraft parts, and semiconductors in hopes of undermining Russia's military power. It also cuts off some Russian banks from the SWIFT network (Holland & Others, 2022). But the sanctions have little impact on the current economy and before such effects will bloom, it may have to wait several years because many countries did not dare to cut ties with the Russian commodity industry, which is like the main water pipe of government, as well as those industries have been driven by attractive prices from Russian-Ukraine conflicts that arise. It wouldn't be wrong to say that United States and European Union countermeasures are weaker than expected, noted by Western stock markets slightly positive after the war erupted. Likewise, commodity prices rose for a short period of time, and then slowly settled in view of the free-world alliance's stance that would not escalate the conflict out of Ukraine.

Russia's fortress for preventing US-EU sanctions

Severe sanctions against Russia in the view of many EU countries may not be worth it because the EU is also dependent on Russian natural gas, accounting for 35 percent of its total demand. Coupled with hundreds of billions dollars in assets invested by European governments and private sectors in Russia. Severing ties could only aggravate the economic downturn due to the COVID-19 pandemic crisis, which is already bad to worsen. Russia knows well it has been at risk of sanctions from Western powers any time since its earlier invasion of Crimea. Therefore, it has continued to build a fortress to prevent trade sanctions, including increase international cash reserves of enormous value, reduce international transactions using US dollars, reduce dependence on credit and raise funds from the Western world, as well as increasing the production of oil and natural gas potentials so that the world cannot live without Russia. While cutting Russia out of SWIFT, a backend network for international transactions with more than 11,000 member banks in 200 countries, could be disastrous more than effective sanction, because the Central Bank of Russia has developed SPFS system, which can be used as a backup network instead of SWIFT, although it may not be a perfect one (Holland & Others, 2022). However, the United States and its allies have moved to block certain Russian banks' access to the SWIFT system in further punishment of Russia as it continues its military assault against Ukraine. The measures, which will include

restrictions on the Russian central bank's international reserves, will be implemented in the coming days. In addition, executing such tactics could reverse course against the United States as the owner of the dollar, which is widely used in the international trading market. The US dollar-based payment system could be replaced by competitors like the Chinese Yuan, which transact through the CIPS network, which currently accounts for about one-eighth of US dollar transactions conducted via SWIFT. Using such the network for political purposes may even incentivize countries whose political ideology differs from the United States to more open-minded China (Holland & Others, 2022). Therefore, the current half-time sanctions have failed to deter Russia's invasion of Ukraine. Meanwhile, more intense sanctions against Russia could reverse the stagnation of the stagnant Western economy. The superpowers had no choice but to denounce and threaten, but they were reluctant to take drastic measures that are to stop buying energy and commodities from Russia.

The future of the global socio-economic polarization

Since the end of the Cold War in 1989, almost every country in the world is open to globalization of multiplied global free trading system. The economies of each region are closely interconnected. Virtually all countries embrace trade regardless of the ideology of the destination country. No one expected military use in the middle of a trading field that would benefit almost all parties. But the Russian invasion of Ukraine smashed the landscape of new world order without war until it is broken into pieces. The current US-EU sanctions, coupled with differing political ideologies, will lead the European Union, the United States and its NATO allies to gradually withdraw themselves from trade relations with Russia. Russia would likely be inclined to trade with a welcoming power like China that will result in a stronger China-Russia alliance in the future. Although China is still open to trade with the Western world, lessons from Russia also remind China that it must protect itself from trade sanctions (Avetisova, 2015). As a result, accelerate the increase of domestic production capacity to meet demand because in the future, whether sooner or later China's conflict with the United States, western countries, Japan, South Korea, Australia and New Zealand in the case of Taiwan is inevitable to explode in Asia-Pacific region. If the conflict in Russia-Ukraine war continues, various countries large and small will be forced to choose a side between the US-EU liberal democratic pole and Russia-China authoritarian pole. Just as Japan, South Korea and Australia enact strong trade sanctions against Russia begins a war in Ukraine. Although the pole of China-Russia alliance do not appear to have many allies in the United Nations, the abstention by India and the United Arab Emirates in issuing statements condemning Russia's invasion of Ukraine clearly reflected that Russia was not standing alone. The use of Russian troops to invade Ukraine is not only political conflicts that will only affect international trade in the short term, but also it is the beginning of discord that will change the landscape of a new socio-economic world order for decades to come.

RESEARCH METHODOLOGY

This study applied a qualitative research by using a documentary research method. All documentary data was collected from related research reports, academic books and papers, as well as official documents and information of the United Nations and other international organizations concerned. All collected documentary data were studied by content analysis, critical analysis and logical analysis throughout the data triangulation process in order to achieve comprehensive research results and discussion, conclusion and recommendations.

RESULTS AND DISCUSSION

The results of this research revealed that the Russia-Ukraine war began in 24 February 2022 and escalated following a full-scale invasion until now. It is now primarily focused on the status of Crimea and the Donbas, which are internationally recognized as a part of Ukraine. Russia and Ukraine combined have a significant share in global supplies of oil, gas and other commodities such as wheat, sunflower oil. This war has adversely impacted their supply chains across the economic and social world order. This profound impact on supply chains comes with attendant near-weekly price increases, fueling the fires of inflation. Beyond uncertainty, it creates barriers in the market, disrupting the movement of commodities like auto parts, oil, and grain. As a result, most businesses and millions of consumers worldwide are in economic and social world order in 3 scenarios: (1) impacts of the Russia-Ukraine war to the world economy; (2) impacts of the Russia-Ukraine war to global economy by region; and (3) impacts of Russia-Ukraine war to sustainable development.

1. Impacts of Russia-Ukraine War to the World Economy

The conflict of Russia-Ukraine war affects the world economy through five channels: (1) financial sanctions, (2) commodities prices, (3) trade and supply-chain disruptions, (4) global inflation, and (5) world economic growth (The EIU Update, 2022) as follows: **Firstly**, the US unveiled on 28 February 2022 a sanctions package targeting the Central Bank of Russia (CBR) and then the EU has followed suit. These sanctions prevent the CBR from accessing about half of the US\$643bn that it holds in foreign-exchange reserves by blocking its ability to convert assets held in US dollars and euros into rubles. The measure also prevents Russia from tapping its emergency sovereign wealth fund, the National Wealth Fund (NWF). The US and the EU also announced that some Russian banks will be cut off from the global payments system of SWIFT. The impact of US and EU sanctions will be small outside Russia, although Western companies that are highly exposed to Russia will still be affected.

Secondly, the global impact of sanctions came in the form of higher **commodities prices** that could jump owing to three factors: concerns around supplies, the destruction of physical infrastructure and sanctions. **Oil prices** will remain above US\$100/b and **gas prices** will rise by at least 50% this year, on top of a fivefold rise last year. Europe has limited gas stockpiles, and there are concerns about gas supplies for northern hemisphere winter season. Russia is a major producer of several base metals: aluminium, titanium, palladium and nickel, which will register price jumps. This will have a substantial impact on industrial sectors and automotive industry across the globe. Prices of agricultural commodities: wheat, maize, barley and rapeseed, will soar. Ukraine and Russia account for more than a quarter of the global wheat trade. Disruptions to trade routes in the Black Sea would increase pressure on grains prices.

Thirdly, financial sanctions have an impact on the **trade and supply chains disruption**, as companies will struggle to find financial channels through which to conduct trade with Russia. The possible destruction of some transport infrastructure in Ukraine will compound existing supply-chain issues. Disruption to supply chains will come from three sources: difficulties affecting land-based routes; restrictions on air links; and the cancellation of sea freight routes from Ukraine: **Land-based trade** routes between Asia and Europe were disrupted as transit through Russia becomes more difficult (or impossible from a compliance, reputational or safety perspective). This will particularly affect some Chinese companies, which had increased their traffic over land-based routes through Russia (en route to Europe)

as an alternative to sea and air freight during the coronavirus pandemic. **Air ties** between Russia and Europe (and, in turn, Asia and Europe) were severely hampered following the decision of EU countries to close their airspace to Russian aircraft and cargo (and Russia's reciprocal measure to close its own airspace to European planes). About 35% of global freight was being transported by air prior to the pandemic, about half of which was carried on passenger planes. **Sea freight routes** through the Black Sea were cancelled for several weeks following Ukraine's decision to shut down commercial shipping and Turkey's move to restrict transit through the Bosphorus. This situation will have a notable impact on grain shipments transiting through Ukrainian, Russian, Bulgarian and Romanian ports.

Fourthly, the **global inflation** will jump above 6% this year. Higher commodities prices will fuel global inflation this year and possibly in 2023. EIU was already forecasting global inflation of nearly 6% this year, but now that mark is expected to be exceeded, given the huge spikes in commodities prices. The rise in inflation will offset the positive impact of higher commodities prices for producers. Higher prices will also raise tricky questions for central banks. They had embarked on a course of monetary tightening to curb inflation but may now be concerned about the impact of the Russia-Ukraine conflict on the post-coronavirus recovery. "Our view is that the US Federal Reserve Bank and the European Central Bank will not change their monetary-tightening plans. However, we expect that the pace of the Fed's balance-sheet run-off will be less aggressive than it is currently suggesting and would be postponed in the event of significant market turmoil".

Lastly, the **world economic growth** impact of the conflict in Russia-Ukraine war will both experience sharp global economic recessions this year. Those eastern European countries that are most exposed to trade with Russia, such as Lithuania and Latvia, will also take a hit from the conflict. Elsewhere in Europe, the EU will suffer from an energy, supply-chain and trade shock. "In view of this situation, EIU will be revising down the growth forecast for Europe in 2022, to about 2% from our previous projection of 3.9%. Growth in the euro zone is now expected to stand at 3.7% this year, from EIU's previous forecast of 4%. Downward revisions to Europe's growth outlook will also prompt a revision of the global growth forecast by 0.5 percentage points to about 3.4%, from 3.9% previously". The analysis and forecasts featured in this piece can be found in EIU Viewpoint, our new country analysis solution. EIU Viewpoint provides unmatched global insights covering the political and economic outlook for nearly 200 countries, helping organizations identify prospective opportunities and potential risks.

The continuing Russia-Ukraine war will be a major impact to the transformation of world economy that will hurt growth and raise prices. Beyond social suffering of migration and humanitarian crisis from Russia's invasion war in Ukraine, the entire new world economic order will feel the effects of slower growth and faster inflation. The economic impacts will flow through three main channels (Kammer&others, 2022): (1) higher prices for commodities like food and energy will push up inflation further, in turn eroding the value of incomes and weighing on demand; (2) neighboring economies in particular will grapple with disrupted trade, supply chains, and remittances as well as an historic surge in refugee flows; and (3) reduced business confidence and higher investor uncertainty will weigh on asset prices, tightening financial conditions and potentially spurring capital outflows from emerging markets. Russia and Ukraine are major commodities producers, and disruptions have caused global prices to soar, especially for oil and natural gas. Food costs have jumped, with wheat, for which Ukraine and Russia make up 30% of global exports, reaching a record.

2. Impacts of Russia-Ukraine War to the Regional Economy

Beyond global spillovers, countries with direct trade, tourism, and financial exposures will feel additional impacts. Economies reliant on oil imports will see wider fiscal and trade deficits and more inflation pressure, though some exporters such as those in the Middle East and Africa may benefit from higher prices. Steeper price increases for food and fuel may spur a greater risk of unrest in some regions, from Sub-Saharan Africa and Latin America to the Caucasus and Central Asia, while food insecurity is likely to further increase in parts of Africa and the Middle East (The EIU Update, 2022). In the long run, the Russia-Ukraine war may fundamentally alter the economic regional order by energy trade shift, supply chains reconfiguration, payment networks fragmentation, and countries rethink national reserve currency holdings. These world economic crises will increase geopolitical tension further raises risks of economic fragmentation, especially for trade and technology. The economic regional order can be analyzed by region to region (Kammer and others, 2022) as follows:

2.1 Europe and European Union

After the Cold War and the collapse of the Soviet Union, several countries from Central and Eastern Europe wanted to be incorporated more and more with the Western Europe. The interest of entry in the EU was mainly due to ensure a complete independency from Russia, which they believed the EU could possibly provide. A full membership would access to the EU's liberal market economy, which would improve their economic growth and strengthen their relationship with the Western world in the future. Although Russia has been critical of NATO's enlargement, it has also begun to raise objections towards the EU's enlargement (DeBardeleben, 2009:47-48). The EU's eastern extension created further tension between Russia and the EU. Russia saw this as strategic step towards European superiority meanwhile the EU argued that the dissolution of USSR made it possible for Europe to increase its integration and secure it from war to occur in the future. As the EU's enlargement expanded eastward, Russia made an effort to strengthen its regional integration in the Eurasian Economy Union (EEU). The EU is aiming towards achieving a united Europe meanwhile Russia is aiming towards integrating the post-Soviet states to involve within EEU demonstrating its territorial integrity with the pursuit of a superiority of the former USSR (Asmus, 2008: 95-99). When Russia-Ukraine war began, unprecedented sanctions on Russia will impair financial intermediation and trade. The ruble's depreciation is fueling inflation, further diminishing living standards for the population. Energy is the main spillover channel for Europe and European Union as Russia is a critical source of natural gas imports. Wider supply-chain disruptions may also be consequential. These effects will fuel inflation and slow the recovery from the pandemic. Eastern Europe will see rising financing costs and a refugee surge. It has absorbed most of the 3 million people who recently fled Ukraine. European governments also may confront fiscal pressures from additional spending on energy security and defense budgets (Kammer & others, 2022). Russia and the EU aimed therefore to have territorial integrity in order to become a regional hegemon over a certain area of influence.

2.2 North America and Latin America

The **United States and Canada** has few economic ties to Ukraine and Russia, diluting direct effects, but inflation was already at a four-decade high before the war boosted commodity prices. That means prices may keep rising as the Federal Reserve starts raising interest rates. Food and energy prices are the main channel for substantial spillover impacts in **Latin**

America and the Caribbean. High commodity prices are likely to significantly quicken inflation for Latin America and the Caribbean, which already faces an 8 percent average annual rate across five of the largest economies: Brazil, Mexico, Chile, Colombia, and Peru. Central banks may have to further defend inflation-fighting credibility. Growth effects of costly commodities vary. Higher oil prices hurt Central American and Caribbean importers, while exporters of oil, copper, iron ore, corn, wheat, and metals can charge more for their products and mitigate the impact on growth. Financial conditions remain relatively favorable, but intensifying conflict may cause global financial distress that, with tighter domestic monetary policy, will weigh on growth. (Kammer & Others, 2022; Muro, 2022). As a result, the full extent of these impacts on North America and Latin America will depend on two principal factors – access to oil and access to food in the world market.

2.3 Eurasia and Central Asia

Beyond the region of Europe and America, these neighboring nations will feel greater consequences from Russia's recession and the sanctions. Close trade and payment-system links will curb trade, remittances, investment, and tourism, adversely affecting economic growth, inflation, external and fiscal accounts. While commodity exporters should benefit from higher international prices, they face the risk of reduced energy exports if sanctions extend to pipelines through Russia (Kammer & others, 2022). Highly dependence of Eurasian and Central Asian countries in both political and economic terms puts them in a vulnerable circumstance when it comes to sudden shocks and economic downturns in Russia. Based on Russian government figures, more than 7.8 million migrants were registered in the year 2021 which were mainly coming from Tajikistan, Kyrgyzstan and Uzbekistan (Najibullah, 2022). These Central Asian migrants indicated work as their main purpose of travel to Russia. This implies that in addition to close trade ties with Russia, Central Asian countries are also highly reliant on the remittances coming from Russia (Atefa Bahr, 2022). The Russian-Ukraine war and unprecedented Western sanctions forced Russia to an economic isolation that not only affected Russian economy, but also its Eurasian and Central Asian neighboring countries.

2.4 Middle East and North Africa

Middle East countries that have engaged with Russia, including America's Arab security partners, have deferred on joining the Western-led condemnation of Russia's aggression and refused to join efforts to isolate Russia economically. The United Arab Emirates abstained from voting in favor of UN Security Council (UNSC) draft resolution condemning Russian aggression in Ukraine, partly as a response to what the UAE saw as American's slow and inadequate response to attacks on its territory by Houthi militants in Yemen, but also in return for Moscow's support for a UNSC vote designating the Houthis as a terrorist organization. Moreover, the Gulf Arab states have allowed Russian oligarchs to launder money and have spurned USA's request to pump more oil to bring down global prices and make up for the shortfall in Russian exports to Europe due to sanctions. (Wehrey, 2022). The Gulf Cooperation Council (GCC) countries import up to 90 percent of food from Russia and Ukraine. But high oil prices have further enabled GCC governments to absorb food-price increases and insulate populations from food insecurity. GCC countries encourage domestic agricultural production, invest in agricultural companies, and maintain their food reserves to buffer the effects of future crises (Welsh, 2022). Major effects from higher food and energy prices and tighter global financial conditions are likely ripple in **North Africa**. Egypt imports about 80 percent of its wheat from Russia and Ukraine. As a popular tourist destination for

both, it will also see visitor spending shrink. Policies to contain inflation, such as raising government subsidies, could pressure already weak fiscal accounts. Worsening external financing conditions may spur capital outflows and add to growth headwinds for countries with elevated debt levels and large financing needs. Rising prices may raise social tensions in some countries: those with weak social safety nets, few job opportunities, limited fiscal space, and unpopular governments (Kammer & others, 2022). Many countries in North Africa rely on Russia and Ukraine for a significant percentage of their wheat, fertilizer, or vegetable oils imports, but the war disrupts global commodity markets and trade flows to Africa, increasing high food prices of wheat and sunflower, as well as economic recovery and growth, triggered by rising uncertainties in global financial markets and supply chains.

2.5 Sub-Sahara Africa

Although Sub-Sahara Africa was gradually recovering from the COVID-19 pandemic, the Russia-Ukraine war threatens that progress. Many countries in the region are vulnerable to the war's effects, specifically because of higher energy and food prices, reduced tourism, and potential difficulty accessing international capital markets. The conflict comes when most countries have minimal policy space to counter the effects of the shock. This is likely to intensify socio-economic pressures and public debt vulnerability; Record wheat prices are particularly concerning for a region that imports around 85 percent of its supplies, one-third of which comes from Russia or Ukraine (Kammer & Others, 2022). The African Common Position on Food Systems provides pathways for Africa to increase home-grown agri-food production and ensure inclusive access to sustainable and nutritious food sources, while addressing structural weaknesses and vulnerabilities, including poverty and inequality. The successful transformation of African food systems will largely depend on the willingness of African countries to realize continental and regional solutions to build and sustain greater resilience in the face of external shocks. 2022 is Africa's Year to action food and nutrition development goals (Sacko & Mayaki, 2022). The Russia-Ukraine war has therefore more exposed the urgent need for policy and investment choices to sustain and build viable, resilient, and inclusive food systems on the Sub-Saharan Africa.

2.6 South Asia and SAARC Countries

The direct impact of Russia-Ukraine war on South Asia and SAARC countries will mainly occur through trade linkages and rising commodity prices as the region is a net importer of commodities. Even before the invasion, inflation in South Asian economies was rising relative to competitors in global markets. The additional shock in commodity prices will further widen the gap - increasing the relative cost of production in the region - and erode the competitiveness of cheap labor and energy-intensive industries. Dependence on fossil fuels for energy generation is higher in South Asia than elsewhere in Asia (Wignaraja, 2022). The impact would be directly an immediate increase in inflation, while indirectly the Russia-Ukraine war would lower economic growth, leading to stagflation in the region. The extent of the Russia-Ukraine war impacts on South Asian and SAARC countries would depend on the duration of the conflict, the severity of western sanctions on Russia and the Russian response (The Express Tribune, 2022). The war has also impacted the economy of South Asia and SAARC. The additional shock in commodity prices has further widened the gap, increasing the relative cost of production in the region and eroding the competitiveness of cheap labour and energy-intensive industries (CUTS International, 2022). Moreover, the reliance on fossil fuels for energy generation is higher in the South Asia and SAARC region. Therefore, direct

impact of Russia-Ukraine war is an immediate increase in inflation crisis, while indirectly the extended conflict would lower economic growth, leading to stagflation in the region.

2.7 Southeast Asia and ASEAN Community

The existing crisis triggered by the Russia-Ukraine war will likely cause serious economic problems for Southeast Asia and ASEAN Community. The rising price of energy, food and commodities, worsening supply chain disruptions and stock market volatility could threaten the region's economic recovery from the post COVID-19 pandemic crisis. Although these countries have few direct economic links to Russia or Ukraine, the conflict is causing various commodity prices - especially oil, nickel, wheat and corn - to surge (Jongwanich, 2022). Southeast Asian oil importing countries try to secure alternative oil suppliers to Venezuela and Saudi Arabia, but should be careful in responding to possible redirecting Russia's energy exports towards Asia. Diversifying energy supplies, especially encouraging greener energy, would be a more sustainable way of tackling volatile oil prices in the future. As the economic ties between Russia and Southeast Asia are modest, the region stands to lose very little if the Russian economy buckles under the weight of international sanctions. In 2020, Russia was ASEAN's 11th largest trade partner with two-way trade at only US\$13.6 billion. In the same year, Russia invested a mere US\$63.2 million in the region (Storey & Choong, 2022). The world economic fallout from the Russia-Ukraine war will likely have a significant effect on regional states and ASEAN Community. The conflict has led to a spike in oil and gas prices which could rise further if Russia decides to cut energy exports or if the major industrial economies cut Russian imports. Ukraine and Russia are major agricultural producers, especially wheat and corn, and supply disruptions will lead to increased food prices. Higher energy and food prices will fuel inflation. The price of commodities produced in Russia that are crucial to the electronics industry such as nickel, titanium, copper and platinum, will also rise. The war has disrupted air, rail and sea transportation links, worsening global supply chain problems caused by the pandemic. In short, the conflict could derail a global recovery from the COVID-19 pandemic, including that of Southeast Asian economies.

2.8 Indo-Pacific and Asia-Pacific Region

Spillovers from Russia-Ukraine war are likely limited given the lack of close economic ties, but slower growth in the United States, Europe and the world economy will take a heavy toll on major exporters. The biggest effects on current accounts will be in the petroleum importers of Indo-Pacific and Asia-Pacific economies, especially Japan, Korea, and ASEAN. This could be amplified by declining tourism for nations reliant on Russian and Chinese visits. For China, immediate effects should be smaller because fiscal stimulus will support this year's 5.5 percent growth goal and Russia buys a relatively small amount of its exports. Still, commodity prices and weakening demand in big export markets add to challenges (Kammer & others, 2022). During his visit to Japan on 23 May 2022, President Biden announced the Indo-Pacific Economic Framework (IPEF) as a new economic grouping to showcase U.S. economic power and leadership in the Indo-Pacific. Thirteen countries joined initially, including **Australia, Brunei, India, Indonesia, Fiji, Japan, Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and Vietnam**. As a group, these countries represent 40 percent of the world's GDP, and IPEF is open to other countries joining in the future. In a joint statement, all participating countries announced that the purpose of the IPEF is a "commitment to a free, open, fair, inclusive, interconnected, resilient, secure, and prosperous Indo-Pacific region that has the potential to achieve

sustainable and inclusive economic growth” (Galic & others, 2022). IPEF is organized around four pillars: trade; supply chains; clean energy, decarbonization and infrastructure; and tax policy and anti-corruption. Aside from India and the United States, all other members of the IPEF are also members of the Regional Comprehensive Economic Partnership (RCEP), the largest free trade deal in the world that includes China. IPEF serves as the economic component of the United States’ Indo-Pacific strategy, one that seeks to counter China’s immense economic power across the region. The real test of IPEF will be its ability to unite Indo-Pacific countries in dealing with 21st century economic challenges, namely rules for the evolving digital economy, stress on supply chains, fair taxation and clean energy.

3. Impacts of Russia-Ukraine War to Sustainable Development

The Russia-Ukraine war which began on 24th February 2022 has impacted the world of sustainable environment. The war has resulted in an influx of refugees to Europe and Russia, unprecedented US-EU sanctions on Russia, world economy food security and energy crisis. However, a significant aspect of the crisis which is in need of greater attention is the damage the crisis is causing to the environment. According to the United Nations, humankind has always counted its war casualties in terms of dead and wounded soldiers and civilians, destroyed cities and livelihoods, while the damage done to the environment due to war often remains unpublicized (United Nations, 2021). The death and destruction of the environment, earth’s natural resources, and its inhabitants are argued to have always been overlooked when it comes to identifying the casualties of war. Historically, any wars have had a significant negative impact on the environment and ecosystems but little or no attention has been given to them, which has been described as the silent victims of war. Even though wars get over, the damage done to environment stays for a longer time period of future generations to come. In the past, wars had destroyed habitats, kills wildlife; generate pollution of ecosystems, with consequences that ripple through decades. With the ongoing conflict, the debate over wars leading to the destruction of the environment has sparked once again leading to a growing focus on the concept of ‘ecocide’ and its significance (Samant, 2022). As a result, the Russia-Ukraine war is likely exacerbating sustainable environment environmental issues. More than six months into the present war, and it has led to severe air, water and soil pollution, greenhouse gas emissions, forest fires and haze pollution, nuclear safety concerns, impact on agriculture, impact on wildlife, and has also led to world biodiversity loss.

The conflict of Russia-Ukraine war impacts the geopolitical security and stability of Europe and other countries of the world. So, there are the global effects of the war conflict in Ukraine. And the instability in Ukraine has its social consequences that influence the European sustainable development. Social consequences of the war conflict in Ukraine, such as migration, unemployment, crime growth, decreasing of population and others have been studied. It has been described that social dimension of the war conflict in Ukraine has its influence on European stability and geopolitical situation, especially Ukrainian migration (Nataliia and Anastasiia, 2018). The Russia-Ukraine war is an ongoing one and it is difficult to measure the damage it will have on the country’s environment at present. However, the war will have a long-lasting impact on Ukraine’s environment whose effects will be felt by generations to come and will be a game-changer for the future environment protection negotiations especially during the time of war (Samant, 2022). In addition, the war has also led to a deepen food crisis worldwide. The sanctions against Russia’s attack Ukraine have led to high food prices and food shortages threatening to push millions of people in the low-income countries into starvation, poverty and preventing their sustainable development.

The Ministry of Ecology and Natural Resources of Ukraine have been keeping records of the numerous damages that have been done to the environment due to the war. It has periodically been briefing its citizens and the rest of the world on its official website. A special task force has been convened by the Ecological Inspectorate of Ukraine which, which are collecting evidence of the environmental damages caused by the war. The purpose of such a step is to seek compensation for damages from Russia in international courts. In the 21st-27th July briefing of the Ministry of Ecology and Natural Resources, it is stated that since the war beginning, the special task force had recorded around 2000 crimes against the environment. This action is to make the citizens aware of potential impacts of the war on the environment. In this regard, the Ministry of Environmental Protection and Natural Resources of Ukraine launched a mobile application called **Eco Zagroza** which means “environmental threat”. The users of this application can also report the environmental crimes they have witnessed which includes uploading pictures and videos of the damages. The government of Ukraine is very keen on a green post war recovery. The President of Ukraine signed a decree on 21 April 2022, established the National Council for the Recovery of Ukraine from the War and a working group “Environmental Safety” within the council whose goal is to develop proposals in the field of environmental protection. Ukraine has also signed an agreement with the EU on Ukraine’s accession to the LIFE program. This move will help Ukraine to benefit from financing innovative environmental protection projects and sustainable post-war restoration (Samant, 2022). For this reason, Ukraine shall raise a ranked low on environmental indicators like air quality, biodiversity production, and ecosystem health, after the war end.

CONCLUSION

The impacts of Russia-Ukraine war have already shaken not just those individual nations but also the region and the world. “We live in a more shock-prone world,” IMF Managing Director Kristalina Georgieva recently told reporters at a briefing in Washington. “And we need the strength of the collective to deal with shocks to come” (Kammer and others, 2022). While some effects may not fully come into focus for many years, there are already clear signs that the war and resulting jump in costs for essential commodities will make it harder for policymakers in some countries to strike the delicate balance between containing inflation and supporting the economic recovery from the COVID pandemic crisis. The researcher recommends that all members’ states of the United Nations and other international organizations shall effectively find out for peace negotiation to end the Russia-Ukraine war and fully cooperate to solve the problems of economic and social impacts on the world economy and sustainable development in order to achieve the UN-SDGs within the year 2030.

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